Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 EB-07 SAM-01 TRSE-00 PA-01

PRS-01 USIA-06 CIAE-00 INR-07 NSAE-00 RSC-01 IGA-01

L-02 SS-15 NSC-05 SP-02 EURE-00 CPR-01 PER-01 AGR-05

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CONFIDENTIAL LISBON 273

USUN PLEASE PASS AMBASSADOR CARLUCCI

E.O. 11652: GDS

TAGS: PFOR, EAID, PO

SUBJ: SUBSTANTIVE DISCUSSION OF AID TO PORTUGAL BY

AMBASSADOR CARLUCCI

REF: (A) STATE 3619, (B) LISBON 153, (C) LISBON 268

- 1. PER PARA 7 REF (A) WE HAVE CONTINUED TO DISCUSS SUBJECT WITH RESPONSIBLE GOP OFFICIALS.
- 2. I HAVE REVIEWED OUR DESIRES IN THIS REGARD WITH JOAO PEQUITO, DIRECTOR GENERAL FOR ECONOMIC AFFAIRS IN THE FOREIGN OFFICE; JOAO SALGUEIRO, VICE GOVERNOR OF THE BANK OF PORTUGAL; AND MANUEL LOPES DA COSTA, SUB-SECRETARY IN CHARGE OF EUROPEAN/AMERICAN AFFAIRS AT THE FOREIGN MINISTRY. ALL THREE OFFICIALS REACTED POSITIVELY TO THE DEPARTMENT'S AND THE AMBASSADOR'S DESIRE TO LOSE NO TIME IN MOVING AHEAD WITH PORTUGUESE-U.S.ECONOMIC COOPERATION.
- 3. PEQUITO POINTED OUT THAT THE GOP CONTINUES TO SUFFER FROM LACK OF ORGANIZATIONAL FOCUS IN ECONOMIC AREA. HE IS TRYING CONFIDENTIAL

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TO CENTRALIZE RESPONSIBILITY IN HIS OFFICE AND HOPES THIS WILL

BE USEFUL. I MADE HIM AWARE OF AMBASSADOR'S DESIRE TO DISCUSS USE OF AID FUNDS WITH PRESIDENT AFTER PRESENTATION CEREMONY PER PARA 3 REF (A) AND HE REACTED WELL TO THIS THOUGHT BUT MADE NO FIRM COMMITMENT RE PRESENTATION CEREMONY. PEQUITO ALSO MADE THE POINT THAT, WHILE RESPONSIBLE GOP OFFICIALS DESIRE US ECONOMIC ASSISTANCE, THEY AND WE SHOULD BE AWARE OF DELICATE POLITICAL SITUATION HERE AND NEED FOR CAREFUL HANDLING OF AID PROGRAM.

- 4. SALGUEIRO WAS GENERALLY UP-BEAT ABOUT PORTUGUESE ECONOMY. HE CLAIMED THAT UNEMPLOYMENT IS SIGNIFICANTLY LOWER THAN REPORTED IN PRESS, BUT HE DID NOT ELABORATE. NONETHELESS HE TOO WELCOMED THE PROPOSED AID PACKAGE ALONG LINES OF PARA 3 REF (A).
- 5. LOPES DA COSTA TOOK THE POSITION THAT USG AID TO PORTUGAL WAS NOT ONLY DESIRABLE BUT NECESSARY. HE RECOMMENDED TEXTILE INDUSTRY AS A SECTOR WHICH COULD PAY POLITICAL DIVIDENDS, AND HE STRESSED THE NEED FOR RAPID MOVEMENT IN THE AID AREA.

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: ECONOMIC COOPERATION, FOREIGN ASSISTANCE, DIPLOMATIC DISCUSSIONS

Control Number: n/a Copy: SINGLE Draft Date: 16 JAN 1975 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LISBON00273

Document Number: 1975LISBON00273 Document Source: CORE Document Unique ID: 00

Drafter: n/a

Enclosure: DG ALTERED PER 75 LISBON 634
Executive Order: X1

Errors: N/A Film Number: D750017-0600

From: LISBON

Handling Restrictions: n/a

Image Path:

Legacy Key: link1975/newtext/t19750147/aaaaboyh.tel

Line Count: 81

Locator: TEXT ON-LINE, ON MICROFILM Office: ACTION EUR Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators: n/a Previous Classification: CONFIDENTIAL

Previous Glassification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 3619, 75 LISBON 153, 75 LISBON 268
Review Action: RELEASED, APPROVED
Review Authority: RowellE0

Review Comment: n/a Review Content Flags: Review Date: 10 JUN 2003

Review Event:

Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by SmithRJ>; APPROVED <06 NOV 2003 by RowellE0>

Review Markings:

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JÚL 2006

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: SUBSTANTIVE DISCUSSION OF AID TO PORTUGAL BY AMBASSADOR CARLUCCI TAGS: PFOR, EAID, PO, (CARLUCCI, FRANK C), (SALGUERIO, JOAO), (PEQUITO, JOAD)

To: STATE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006